



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Price Field Office
125 South 600 West
Price, Utah 84501

3482
(UT-070)

Ark Land Company
c/o Canyon Fuel Co., LLC
Skyline Mines
HC35Box 380
Helper, Utah 84526

Manning

JUL 13 2001

Exploration Pines Tract

Dear Mr. Bunnell:

Our decision is to grant an exploration plan (submitted 09/28/99) on Federal coal lease UTU-76195 to Ark Land Company to access and drill three coal exploration holes (00-11-2, 00-11-3, and 00-23-1) subject to the following conditions:

- 1) The enclosed Bureau of Land Management (BLM) drilling stipulations will be followed.
- 2) The enclosed Forest Service stipulations will be followed.
- 3) A bond of \$36,000 will be required for this exploration plan.

If you have any questions regarding this matter, please contact Don Stephens of our staff at 435-636-3608.

Sincerely,

Mark E. Bailey

FOR

Richard L. Manus
Field Manager

2 Enclosures

1. BLM Stipulations (3 pp)
2. Forest Service Stipulations 2 pp)

cc: UT-92313, J. Kohler, Utah State Office (w/Enclosures)
UT-92413, R. Lopez, Utah State Office (w/oEnclosures)
UT-92413, Chris Merritt, Utah State Office (w/oEnclosures)
Elaine Zieroth (USFS) (w/Enclosures)
Manti-LaSal National Forest
599 Price River Drive
Price, Utah 84501
Pamela Grubaugh-Littig (UDOGM) (w/Enclosures)
Division of Oil, Gas and Mining
1594 West North Temple Street
P. O. Box 145801
Salt Lake City, Utah 84114-5801

ATTACHMENT 1

BLM Stipulations

1. Ark Land Company is responsible to see that all personnel contracted or otherwise doing work on the exploration program are aware of these approval requirements and abide by all regulations governing this program. Any changes to the approved exploration plan must receive approval from the Authorized Officer prior to implementation.
2. When artesian flows or horizons with possible development potential are encountered, the Authorized Officer shall be notified immediately so that a determination may be made concerning their development potential. When possible, water samples shall be collected by the operator for analysis by the BLM. A written report is required upon completion of exploration as noted by Stipulation 7 H.
3. The Authorized Officer representing the BLM shall be notified 24 hours prior to setting surface and/or intermediate casing and plugging of wells, so that the BLM may arrange to be present. Each string shall be cemented in the annulus to the surface. The cement slurry mixture used to plug and seal the drill holes shall be mixed in compliance with standard cement mixing tables (e.g. Haliburton). Any variance from this procedure must be approved in advance by the Authorized Officer. In addition, periodic drilling updates on the weekends will be required if the drilling is nearing the cementing phases, so that representatives of the BLM will be made aware of progress.
4. If adverse down-hole conditions prevent a completed drill hole from being properly plugged after attempting all standard industry plugging procedures, the Authorized Officer shall be contacted immediately to make a determination as to a final plugging procedures.
5. All drilling pits shall be lined to retain drilling fluids, unless sufficient evidence on site specific soil (percolation) and water quality tests are performed to determine a site specific waiver of this stipulation, as determined by the Authorized Officer.
6. The hole location is to be marked by placing an approved marker made of galvanized steel, brass, aluminum or similar noncorrosive metal in the concrete plug. Such markers are to show hole number, year drilled, lessee/licensee name, and as feasible, the section, township, and range in which the hole is located. The top of the concrete plug, if located in a cultivated field must be set below normal plow depth (10 to 12 inches). In noncultivated areas, all marker caps should not protrude above the ground level. All drill holes shall be surveyed in to assure proper location. An exact survey of each drill hole location will be submitted to the Authorized Officer.
7. Upon completion of exploration activities, two copies of each report as required by 43 CFR 3485.1, shall be submitted to the Authorized Officer. The reports, at a minimum, must contain the following:
 - A. Location(s) and serial number(s) of lands under Federal lease or license on which exploration was completed.

B. A description of the completed exploration operations that includes the number of holes drilled, total depth of each hole, and completion date of each hole.

C. A map showing the locations of all holes drilled, other excavations, and the coal outcrop lines, as appropriate. The scale of the map shall not be less than 1 inch equals 1 mile.

D. Analysis of coal samples and other pertinent tests obtained from exploration operations.

E. Copies of all in-hole mechanical or geophysical stratigraphic surveys or logs, such as electric logs, gamma ray-neutron logs, sonic logs, or any other logs. The records shall include a lithologic log of all strata penetrated and conditions encountered such as water, gas, or any unusual conditions.

F. Status of reclamation of the disturbed areas.

G. Any other information requested by the Authorized Officer.

H. Hydrologic reports using the attached form.

Company: _____ Lease/License Number: _____
Address: _____ Drill Hole Number: _____
_____ Date Completed: _____
_____ Total Depth: _____

Company Contact: _____
Phone Number: _____

Drilling Contractor: _____
Address: _____

Company Contact: _____
Phone Number: _____

Location of Hole: T. __ S., R. __ E., Section __: __ 1/4 __ 1/4 __ 1/4
Hole Elevation: _____ Hole Diameter: _____
Drilling Method: _____
Static Water Level: _____

Aquifer No. 1

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: _____
_____ Water Sample Provided to BLM? _____

Aquifer No. 2

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: _____
_____ Water Sample Provided to BLM? _____

Aquifer No. 3

Depth Below Ground Elevation: _____ Formation: _____
Rock Type: _____ Yield(GPM): _____
Date Reported to BLM*: _____ Requirements of BLM*: _____
_____ Water Sample Provided to BLM? _____

-----* Refer to Stipulation Number 7

ATTACHMENT 2 FOREST SERVICE STIPULATIONS

- 1) A Road Use Permit must be obtained from the Forest service before equipment is transported onto National Forest System lands. The location of new roads is subject to Forest Service review and approval. No construction may begin prior to approval. Any modifications or changes to approved locations are also subject to review and approval.
- 2) Reclamation efforts will be diligently pursued to insure that a minimum ground cover is established on all disturbed areas. Revegetation will be considered successful when 90% of the predisturbance ground cover is re-established over the entire disturbed area, with no noxious weeds. Adjacent undisturbed areas will be used as a basis for comparison of ground cover. Of the vegetative ground cover, at least 90% must consist of seeded or other desirable species. The 90% of pre-disturbance ground cover must be maintained for three years.
- 3) The operator will be held responsible for control of noxious weed infestations found to be a result of this project, until acceptance of vegetative restoration.
- 4) The operator shall take all reasonable/appropriate measures to prevent the introduction and proliferation of exotic plants and/or noxious weeds for all operations on the land surface. Measures must include cleaning vehicles and equipment before entry onto Federal lands, pre-treatment of areas approved for surface disturbing activities, use of weed free materials (straw, fill materials, gravel, etc.), and control and eradication of exotic species and/or noxious weeds in disturbed/reclaimed areas until liability/bond release. Proposed control/eradication measures for surface operations are subject to approval by the surface management agency.
- 5) The seed mix to be used will be as follows:

		<u>Pounds PLS/acre</u>
Western Wheatgrass	Elymus smithii	2
Basin Wild Rye	Elymus cinereus	1
Intermediate Wheatgrass	Elymus hispidus	2
"Paiute" Orchardgrass	Dactylis glomeratus	2
Yellow Sweet Clover	Melilotus officinalis	1
"Rambler" Alfalfa	Medicago sativa	1
Blue Leaf Aster	Aster glaucodes	0.25
Lewis Flax	Linum lewisii	0.50
Small Burnet	Sanguisorbia minor	1
Mountain Big Sage	Artemisia tridentata vaseyana	0.25
Bitterbrush	Purshia tridentata	1

- 6) A goshawk survey will be conducted in the vicinity of borehole 00-23-1 in the spring prior to operations. If active goshawk nests are located in areas that could be affected by operations, the operations must be moved or postponed until after fledglings would no longer be adversely affected (probably after October 1).
- 7) All water bearing zones encountered in the process of drilling will be recorded on the drilling logs. Any zone which is producing a large continuous flow will be reported to the Forest Service prior to abandonment procedures taking place.
- 8) The existing unclassified road that will be used for access to borehole 00-11-2 will be reclaimed consistent with the reclamation plan in the Exploration Plan and attached stipulations upon completion and abandonment of the hole. The operator will work with the Forest Service to determine the actual segment(s) to be reclaimed to avoid confusion regarding which segments are classified and unclassified.